

JOURNAL

A MONTHLY PUBLICATION OF THE BONNEVILLE POWER ADMINISTRATION

June 2002

BPA second quarter review out

BPA should end this year with positive net revenues and expects to make its annual payment to the Treasury in full and on time. However BPA is forecasting it will end this fiscal year with financial reserves lower than they were in 1983, the last time BPA deferred payments to the Treasury.

BPA's second-quarter review shows net revenues for fiscal 2002 of about \$83 million. According to BPA budget director Mary Hawken, if the agency hadn't restructured some of the Energy Northwest debt for nuclear power plant construction, net revenues would have been forecast as a negative \$300 million this year. BPA's second-quarter review shows end-of-year reserves of \$109 million.

BPA Administrator Steve Wright has said the agency has no greater priority than to manage its situation to keep rates as low as possible. Already the BPA Power Business Line has cut budgets by \$110 million and more cost management efforts are under way.

BPA's fall rate adjustment explained

Based on present power market conditions, BPA expects its power rates to go up this fall by about 3 percent over the October 2001 level. This figure differs from recently published reports suggesting BPA's fall increase might reach 11 percent.

BPA's power rate schedule includes three cost recovery adjustment clauses (CRACs), mechanisms for bringing agency revenues in line with volatile market conditions. The clauses are based on customer power requirements (load) and BPA finances, with a "safety-net" adjustment available to ensure the agency will make its payment to the U.S. Treasury or other creditors.

In October 2001, the load-based cost recovery adjustment clause rose 46 percent over BPA's base power rate. In April, this load-based adjustment went down five points. It is reviewed every six months. In October the load-based adjustment could fall to 38 percent above the base.

But at the same time, the adjustment based on BPA's finances is likely to trigger at its maximum of 11 percent. A financial-based adjustment is possible if the agency is financially unhealthy. The economy and revenues from the current power market are

pointing that way. Since $38 + 11 = 49$, the net effect would be 49 percent over the power base rate, which is 3 percentage points above the 46 percent level a year earlier.

The cost-recovery adjustment clauses in BPA's power rates were proposed by customers as a way to keep the base power rate lower in the face of immense market uncertainties.



An Air Force KC-135 refueling tanker undergoes maintenance in a newly weatherized, brighter and warmer maintenance hangar at Fairchild Air Force base near Spokane, Wash. See story on page 2.

Public responsibilities detailed

Enclosed in this month's *Journal* is a special brochure on BPA's public responsibilities to the Northwest, designed to broaden understanding of BPA's role in the Northwest economy and environment.

BPA answers FERC inquiry on power trading practices

BPA has told the Federal Energy Regulatory Commission that the agency engaged in none of the questionable trading strategies and activities allegedly conducted by Enron and possibly other traders over the last two years in California.

BPA conducted a thorough examination of its trading practices and records in response to FERC's



May 8 data request issued to all sellers of wholesale electricity and ancillary services to the California Independent System Operator and the California Power Exchange in 2000-2001.

BPA Administrator Steve Wright said, "We are deeply disturbed about the pattern of deception coming to light with regard to Enron's trading activities in California and the West. Effective operation of power markets depends on trust and fairness. Such manipulation can affect the operation of the power system and endanger public health and safety. It is simply unacceptable."

Progress made in fish recovery efforts

"Under less than optimal conditions, a lot was accomplished in 2001." That's how BPA Administrator Steve Wright summed up federal fish efforts in the first year of implementing the 2000 biological opinion for endangered or threatened Columbia River fish runs. The "2001 Progress Report" produced by BPA, the U.S. Army Corps of Engineers and the Bureau of Reclamation is now available. It is on the Web at <http://www.salmonrecovery.gov/>. For anyone who's wondering what's actually been done for fish, it offers a wealth of information.

The 2001 Progress Report gives the details to changes in federal hydro operations, harvest rules, habitat improvement and hatchery management for threatened or endangered fish runs in the Columbia River Basin.

Grab your pole, it's northern pikeminnow season

Once again, BPA is luring anglers onto riverbanks or into boats to catch the northern pikeminnow. The bait to encourage the fishing is \$4 to \$6 paid for each pikeminnow caught. Those lucky enough to catch a tagged northern pikeminnow get \$100. BPA wants the predators taken from the Snake or Columbia rivers and turned into any of 20 check stations now through Sept. 30. Last year, anglers cut down the pikeminnow population by more than 239,000, saving as many as 17 million young salmon that the pikeminnows might have eaten. BPA has run the program every year since 1990.

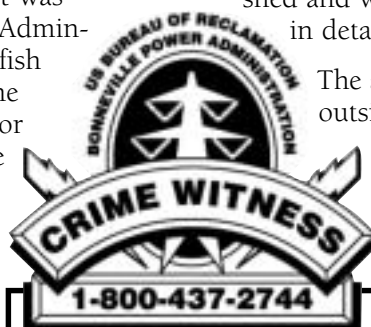
Kangley-Echo Lake gets more study

The Bonneville Power Administration has scheduled five public meetings in central King County, Wash. to discuss a proposed new 500-kilovolt transmission line. The Kangley-Echo Lake Transmission Line project is designed to serve the Puget Sound area. Details on the meetings are in the public involvement pages of this *Journal*.

BPA Project Manager Lou Driessen says BPA will prepare a supplemental draft environmental impact statement on the proposal and wants the public's help in identifying issues and concerns it should address. The agency has refined cost estimates of a preferred alternative through the Cedar River watershed and will evaluate four alternatives not analyzed in detail in earlier studies.

The added alternative routes are all located outside the watershed. Two routes would pass through the Maple Valley area; two other routes would go through mountain passes along Interstate 90 near North Bend, Wash.

Comments can be submitted during the scoping process until June 19. The supplemental draft environmental impact statement will be available for review and comment in December 2002.



Please call this toll free hotline to report theft, vandalism, suspicious activity or illegal dumping on Bonneville Power Administration or Bureau of Reclamation property or harm to personnel.

Fairchild Air Force base saves energy

An energy conservation partnership between BPA and the U.S. Air Force is producing big energy savings at

Fairchild Air Force base near Spokane, Wash. The project replaces heating and lighting systems and improves weatherization in a nearly 500,000-square-foot aircraft maintenance building that houses four hangars for huge KC-135 refueling tankers, offices and shops under one roof.


The facility was built in the 1940s and has been using the original heating and lighting equipment ever since. When the \$3.5 million energy-efficiency project is completed, it will save taxpayers over \$400,000 a year in energy costs.

The greatest savings come from replacing the building's 60-year-old steam heat system with 284 natural-gas-fired infrared heaters.

PUBLIC INVOLVEMENT

STATUS REPORTS



Cliffs Energy Project ROD – Klickitat Co., Wash.

BPA is analyzing possible transmission integration services for a combustion turbine proposed by GNA Energy, LLC. The company would build the power plant, five miles of new natural gas line, and 700 feet of 230-kV transmission line to BPA's Harvalum Substation. Klickitat County will issue a new Mitigated Determination of Non-Significance on June 6 for the power plant project. BPA will accept comments on the proposal to integrate this project into the Federal Columbia River Transmission System until July 5. A Record of Decision is expected in late July. 

COB Energy Facility Interconnect EIS – Klamath Co., Ore.

Peoples Energy Resources Corp. has requested interconnection of its proposed 1,200-MW combustion turbine project at a site near Bonanza in Klamath Co., Ore. The project would require a new 500-kV transmission line to BPA's Captain Jack Substation. The project is subject to Oregon Energy Facility Siting Council certification. Scoping has closed.

New! Conservation and Renewables Discount Program

The public comment period on C&RD program requirements and technical information begins in June. This is a yearly opportunity for BPA customers, constituents and other interested parties to offer petitions to improve C&RD policy, program implementation and technical issues. Petitions must be made by June 15 for consideration. Copies of the C&RD Manual can be found on BPA's Web site: http://www.bpa.gov/Energy/N/projects/cr_discount/index.shtml. A summary of comments received and BPA's proposed changes will be distributed for a 30-day comment period July 1.  

Fed. Columbia River Power System Implementation Plan

This federal draft plan for Columbia River Power System Operations in 2002-2006 would carry out biological opinions issued under the Endangered Species Act. See www.salmonrecovery.gov.

Fish and Wildlife Implementation Plan EIS – Regionwide

This EIS examines potential impacts of implementing any of the fish and wildlife policy directions being considered in regional processes. BPA received public comments on the draft EIS in summer 2001 (#0312); the final EIS is expected later this year.

Grand Coulee-Bell 500-kV Transmission Line (Eastern Washington Reinforcement) EIS – Wash.

This project would replace about 84 miles of 115-kV transmission line with a new, higher capacity 500-kV line. The proposed line would connect BPA's Bell Substation in Spokane to the Bureau of Reclamation's switchyard at Grand Coulee Dam. It would be located primarily on existing BPA right-of-way. A draft EIS will be available for comment this summer.

Grande Ronde and Imnaha Spring Chinook Project EIS – Wallowa and Union Cos., Ore.

This project would build fish trapping, rearing and release facilities to help restore spring chinook in the Lostine and Imnaha rivers of northeast Oregon. Planned facilities would modify and supplement existing Lower Snake River Compensation Plan facilities. Scoping comments closed Jan. 31, 2002. A summary of the comments is available on request. Or see www.efw.bpa.gov/cgibin/psa/nepa/summaries/granderonde. A draft EIS will be available for comment later this year.

Grizzly Generation Project EIS – Jefferson Co., Ore.

Cogentrix proposes to build a 980-MW combined-cycle combustion turbine power plant and has requested interconnection at BPA's Grizzly Substation. An EIS will evaluate natural gas, water pipeline and transmission easements for facilities servicing the project. The

U.S. Forest Service is the lead federal agency; BPA and the Bureau of Land Management are cooperating. Oregon EFSC is conducting a coordinated state siting process. Scoping closed in March.



Horse Heaven Wind Project EIS – Benton Co., Wash.

BPA proposes to purchase up to 50 aMW from a 225-MW wind project proposed by Washington Winds Inc. The developer would build, own and operate the project and would build about 12 miles of transmission line to interconnect with BPA's transmission grid. Public comments were taken through Nov. 14, 2001.


Johnson Creek Artificial Propagation Enhancement EA – King and Kittitas Cos., Idaho

This project seeks to recover the creek's depleted native summer chinook salmon population. It would include additional facilities at the McCall Fish Hatchery in McCall, Idaho, and acclimation facilities along Johnson Creek. Scoping concluded March 30, 2001. An EA will be available for public comment in fall 2002.

Kangley-Echo Lake Transmission Line Project EIS – King and Kittitas Cos., Wash.

(See story on previous page) Public Meetings on supplemental draft EIS: June 5, 4-8 p.m., Seattle Center Rainier Room, 305 Harrison St. Seattle, Wash.; June 6, 4-8 p.m., Mt. Si Senior Center, Multi-Purpose Room, 411 Main Avenue South, North Bend, Wash.; June 8, 11 a.m. to 3 p.m., Black Diamond Community Center Main Hall, 31605 3rd Avenue N.E., Black Diamond, Wash.; June 12, 12-4 p.m., Tahoma Senior High School, The Commons, 18200 S.E. 240th St. Kent, Wash.; June 13, 4-8 p.m., Maple Valley Community Center Main Hall, 22010 S.E. 248th St., Maple Valley, Wash.  

Maiden Wind Farm EIS – Benton and Yakima Cos., Wash.

Washington Winds Inc., proposes to build and operate a wind project of up to 494 MW north of Prosser. BPA proposes to acquire and transmit up to 50 aMW, but will study the full electrical output of the project. The draft EIS is available. See www.efw.bpa.gov/cgi-bin/PSA/NEPA/SUMMARIES/MaidenWindFarm. 

McNary-John Day 500-kV Line Project EIS – McNary to John Day Dams, Ore. and Wash.

BPA proposes to build about 79 miles of new 500-kV transmission line parallel to existing BPA lines between McNary and John Day substations. The line would cross the Columbia River below McNary Dam, run parallel to the north side of the Columbia through Benton and Klickitat counties, and cross back into Oregon near John Day Dam. It is needed to integrate some of the many new generating projects considered for this area and to reinforce transmission reliability. Comment period on the draft EIS closed April 23. A final EIS will be available late summer.

Mercer Ranch Generation Project EIS – Benton Co., Wash.

All work has stopped on environmental review of an 800-MW combined-cycle combustion turbine power plant proposed by Mercer Ranch Power, LLC, 11 miles west of Paterson, Wash. The project proponent has withdrawn its request for transmission services from BPA. See <http://www.efsec.wa.gov/mercer.html>.

Plymouth Generating Facility EIS – Benton Co., Wash.

Plymouth Energy has requested interconnection of its proposed 306-MW combustion turbine project near Plymouth in Benton, Co., Wash. BPA is preparing a joint NEPA/SEPA EIS with Benton Co. Scoping closed on April 17. Draft EIS due this summer.

Raymond-Cosmopolis 115-kV Transmission Line EA – Grays Harbor and Pacific Cos., Wash.

BPA proposes to rebuild an existing 115-kV transmission line between Raymond and Cosmopolis, roughly parallel to Hwy. 101.

MORE PUBLIC INVOLVEMENT

Most of the 18-mile long line will remain in existing right-of-way. Public comments were taken through May 10. A preliminary EA will be available for public review in fall 2002.

Salmon Creek EIS – Okanogan Co., Wash.

BPA proposes to fund a project to enhance fish habitat and fish passage, and to increase instream flows in 4.3 miles of lower Salmon Creek, a tributary of the Okanogan River. The project would rehabilitate the stream channel, revegetate stream banks and increase streamflows. Scoping closed in March.

Satsop Combustion Turbine ROD – Grays Harbor, Wash.

Duke Energy requests integration of its 650-MW Satsop Combustion Turbine Phase 1 project near Elma, Wash., into the federal transmission grid. To supply natural gas to the facility, Williams Gas Pipeline proposes to construct a new gas pipeline. The Federal Energy Regulatory Commission has issued a Finding of No Significant Impact on their proposed gas pipeline.

Schultz-Hanford Area 500-kV Line Project EIS – near Ellensburg to near the Hanford Reservation, Wash.

BPA proposes to build a new 500-kV line from Schultz Substation to the new Wautoma Substation, southwest of the Hanford Monument. It would relieve constraints on several lines, provide more operational flexibility to meet endangered salmon obligations and maintain transmission capacity to import and export energy. The comment period on the draft EIS closed in March. See www.efw.bpa.gov under environmental planning/analysis.

South Fork Flathead Watershed Cutthroat Trout Conservation Program – Flathead National Forest, Mont.

BPA proposes to fund a project to remove exotic trout species from selected lakes in the South and Middle forks of the Flathead drainage and replace them with genetically pure westslope cutthroat trout. A preliminary EA is being drafted.


Starbuck Power Project EIS – Columbia & Walla Walla Cos., Wash.

BPA proposes to build about 16 miles of 500-kV transmission line to integrate the proposed 1,200-MW Starbuck combined-cycle combustion turbine to Lower Monumental Substation into the grid. Existing lines are near capacity. Washington EFSEC is the lead for environmental review of the generation project; BPA has the lead on integrating transmission. The project has been suspended since Feb. 27. See www.efsec.wa.gov/starbuck.html.

Summit/Westward Project – Columbia Co., Ore.

Westward Energy Co. proposes a 520-MW natural gas-fired, combustion turbine facility in Columbia County near Clatskanie, Ore., and has requested interconnection to the federal grid. Oregon EFSC is the lead agency for the environmental review of the generation project; BPA has the lead on integrating transmission.

Umatilla Generating Project EIS – Umatilla Co., Ore.

Umatilla Generating Co., LP, proposes to build a 550-MW combined-cycle combustion turbine. Umatilla Electric Co-op would reconductor about 11 miles of transmission to 230 kV, and build about a half mile of new 230-kV line to BPA's McNary Substation, where BPA would integrate the power into the grid. The draft EIS comment period ended Oct. 15. A final EIS is available. See www.efw.bpa.gov/cgi-bin/PSA/NEPA/summaries/Umatilla. BPA expects to issue a ROD on the interconnection in June. 

Wallula-McNary Transmission Line Project EIS – Walla Walla Co., Wash., and Umatilla Co., Ore.

BPA is evaluating the potential construction of 34 miles of 500-kV transmission line from a 1,300 MW combined-cycle gas-fired combustion turbine proposed by Wallula Generation, LLC in Wallula, Wash., to McNary Substation in Oregon. BPA also proposes to construct and operate the Smiths Harbor Switchyard to interconnect the output into the transmission grid. BPA is working with Washington EFSEC on environmental review. A draft EIS was released to the public on Feb. 22. BPA and EFSEC are evaluating public comments received on the draft EIS. See www.efsec.wa.gov/wallula.html.

Wanapa Energy Center Generation Proj. EIS – Umatilla Co.

The Confederated Tribes of the Umatilla Indian Reservation have requested interconnection of the Wanapa Energy Center, a proposed 1,000-MW gas-fired combined-cycle combustion turbine project, into the transmission grid. The project would be located on tribal trust land. The Bureau of Indian Affairs plans to prepare an EIS on the project and BPA has requested to be a cooperating agency. A draft EIS is expected early summer.

SUPPLEMENT ANALYSES

Vegetation Management EIS

- SA-66 Monroe-Custer and Murray-Bellingham/Sedro Tap No. 1 Right-of-Way (4/26/02)
- SA-65 Raymond-Cosmopolis Transmission Line, Pacific & Grays Harbor Cos., Wash. (5/21/02)
- SA-64 Walla Walla Region Substations (4/22/02)
- SA-63 North Bonneville-Midway and Hanford-Ostrander Right-of-Way (4/22/02)

Watershed Management EIS

- SA-79 Eisminger/CREP Dike Relocation (5/20/02)
- SA-78 Scatter Creek/Plum Creek Land Acquisition Phase II (5/09/02)
- SA-77 Methow Valley Fish Screening Project (3/25/02)
- SA-76 Little Sheep Creek Large Wood and Culvert Replacement (4/25/02)

Wildlife Management Program EIS

- SA-24 Herbert Conservation Easement (5/15/02)
- SA-23 Canby Ferry Conservation Easement (5/15/02)

CALENDAR OF EVENTS

Kangley-Echo Lake Transmission Line Project EIS public scoping comment meetings

See Status Reports.

Conservation and Renewables Discount Program Review

Public forum to discuss proposed changes: July 24, BPA office, 707 W. Main, Suite 500, Spokane, Wash., 1-3 p.m.; July 25, BPA headquarters, Rm. 122, 905 N.E. 11th Ave., Portland, Ore., time to be determined.

CLOSE OF COMMENT




Cliffs Energy Project

ROD. July 6, 2002

Conservation and Renewables Discount Program Review

Annual review. June 15, 2002

If you have questions or comments, or to be added to the mailing list for any project, call (503) 230-3478 (Portland) or 1-800-622-4519.

 Indicates the close of comment deadline.  Indicates a public meeting is scheduled.  Indicates a document is available. To order copies of documents, call: 1-800-622-4520 or (503) 230-4413. Written comments may be sent to: BPA, P.O. Box 12999, Portland, OR 97212. E-mail address: comment@BPA.gov. BPA home page: <http://www.bpa.gov>. For details on BPA environmental reviews listed above, including site maps and documents issued to date, see <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/Projects>. **Process Abbreviations:** DEIS-Draft Environmental Impact Statement, EA-Environmental Assessment, EFSEC-Energy Facility Site Evaluation Committee, EIS-Environmental Impact Statement, FONSI-Finding of No Significant Impact, NOI-Notice of Intent, ROD-Record of Decision, SA-Supplement Analysis.